

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-06
CEA-01 SEC-01 /097 W
-----032206 180207Z /72

R 171520Z JAN 78
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 760

UNCLAS CARACAS 466

E.O. 11652: N/A
TAGS: EINV EFIN VE
SUBJECT: CVF TO AID FOREIGN INVESTORS

REF: CARACAS A181 DATED DEC 19, 1977

CORPORACION VENEZOLANA DE FOMENTO (CVF) HAS ANNOUNCED THAT IT WILL ASSIST FOREIGN FIRMS INFINDING A MARKET FOR COMPANY SHARES THEY MUST DISPOSE OF UNDER VENEZUELAN FOREIGN INVESTMENT LAWS. AS THE DEPARTMENT IS AWARE, FOREIGN FIRMS ALREADY OPERATING IN CERTAIN AREAS NOW RESERVED FOR VENEZUELAN FIRMS (E.G. INTERNAL MARKETING OF GOODS) ARE OBLIGED TO REDUCE THEIR HOLDINGS TO 20 PERCENT THROUGH A "SELL DOWN" PROCESS. THE SALES ARE EXPECTED TO BE CONCENTRATED IN 1978. FOREIGN BUSINESSMEN HAVE COMPLAINED THAT THE SECURITIES MARKET HERE IS TOO THIN TO ABSORB SUDDEN LARGE OFFERINGS OF COMPANY STOCK, AND THAT FOREIGN INVESTORS THEREFORE MAY NOT RECEIVE A FAIR PRICE FOR THEIR HOLDINGS. THE GOV, THROUGH THE INSTRUMENTALITY OF THE CVF, HAS NOW UNDERTAKEN TO INSURE THAT FAIR VALUE IS RECEIVED FOR SHARES SOLD, IF NECESSARY THROUGH DIRECT PRUCHASES TO SUPPORT THE MARKET. CVF HAS NOT YET ANSWERED THE KEY QUESTION CONCERNING HOW THEY WLL ESTABLISH A SUPPORT PRICE FOR SHARES IN INVIDIDUAL

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COMPANIES.
VAKY

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NNN

Message Attributes

Automatic Decaptioning: X
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Current Classification: UNCLASSIFIED
Concepts: MARKETS, INVESTMENT LAW, INVESTORS
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Draft Date: 17 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
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Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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